

EXECUTIVE SECRETARIAT

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1	DCI		X		
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Executive Secretary

27 September 1982

Date

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Department of Energy
Washington, D.C. 20585

September 23, 1982

Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Casey:

I commend the Intelligence Community on a fine effort laying out the problems of nuclear nonproliferation during the next five years. I agree that intelligence analysis can contribute to the accurate articulation of these problems, their analysis and, with diligence, their solution.

The conclusions of the National Intelligence Estimate NIE 4-82, dated July 27, 1982, raise several important information needs for U.S. policy decisions within the next five years. In addition to the normal monitoring of nuclear programs in potential proliferant nations, greater attention must be paid to nuclear suppliers--from the political and legislative constraints they would face should they choose to adopt the policies we advocate to the ability of specialized nuclear technology brokers to circumvent national control. These intelligence analyses would be particularly helpful if they were objective-oriented from both the specific export control and broad policy points of view, e.g., assessment of the nonproliferation credentials of both lesser developed and advanced nonnuclear weapon states in the context of our nonproliferation policy--providing a tailored balance between nuclear assistance and control by differentiating between nations that possess good nonproliferation credentials and those that do not.

The section on Global Trends provides significant comments on the effectiveness of the Non-Proliferation Treaty and the International Atomic Energy Agency (IAEA). In regard to the IAEA, further intelligence analysis relative to gaps in safeguards, both in terms of discrepancies in particular countries as well as internal IAEA reporting systems, could make a major contribution in identifying specific technical and policy actions available to the U.S. to

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strengthen the overall effectiveness of the Agency. Further, intelligence analysis on the impact of internal politicization within the IAEA would be most helpful in assessing the likelihood of success of particular unilateral or multilateral U.S. policy actions on behalf of the IAEA.

I was particularly glad to see the linkage explicitly made between nonproliferation on a national level and subnational level--nuclear terrorism. The Intelligence Community can be a major actor in this arena, from monitoring the activities and capabilities of various terrorist groups to assisting in the collection and analysis of stocks of special nuclear materials worldwide, the latter in the context of both materials for improvised nuclear devices, and for radioactive dispersal mechanisms. The above-mentioned areas are of particular programmatic interest to our Assistant Secretary for Defense Programs in the context of both the Nuclear Emergency Search Team and intelligence areas.

At the other end of the spectrum, the Community should look into the different dimensions of the proliferation problem raised when a country moves from the fabrication of a single device to the deployment of a small nuclear force, i.e., what is typically called vertical proliferation. This also raises national security questions of U.S. response to nuclear threats or nuclear-weapons use in potential "regional wars" between two nuclear-armed countries such as India and Pakistan. I would suggest this topic as a potential issue to be added to those being considered by your Special Assistant for Nonproliferation Intelligence.

As you know, our Department fully supports the view that nuclear proliferation is a fundamental national security issue. In this context, we have a broad substantive analytical intelligence program in this area as part of the National Foreign Intelligence Program. These activities are under the management of the Office of International Security Affairs as part of the overall set of programmatic activities of Mr. Herman E. Roser, our Assistant Secretary for Defense Programs, who is also our Senior Intelligence Officer.

Thank you for personally keeping the Secretary and me advised on trends in the spread of nuclear technology and weapons to additional countries.

Sincerely,



W. Kenneth Davis
Deputy Secretary

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